

# AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



COUNTY OF SAN BERNARDINO

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June 18, 2009

**Rodney Hoops, Sheriff**  
Sheriff's Department  
655 East 3<sup>rd</sup> Street  
San Bernardino, CA 92415-0061

## **SUBJECT: SHERIFF DEPARTMENT'S VOYAGER FUEL CREDIT CARDS FOLLOW-UP AUDIT**

### **Introductory Remarks**

In compliance with Article V, Section 6, of the San Bernardino County Charter and the Board of Supervisor's Policy on Internal Operational Auditing. We have completed a follow-up audit of the Voyager credit cards relating to Sheriff's Department. Our audit was conducted in accordance with the standards developed by the Institute of Internal Auditors.

### **Objectives, Scope and Methodology**

The objective of this follow-up audit was to determine whether the Sheriff's Department implemented the seven recommendations contained in an earlier report, *Audit of the Voyager Fuel Credit Cards Managed by the Sheriff's Department* issued May 16, 2007. To determine the implementation status of the recommendations, we:

- Interviewed Sheriff's Department employees
- Reviewed and analyzed controls

### **Conclusion**

All of the recommendations from the previous report have been implemented by the Sheriff's Department. No further follow-up on these recommendations will be necessary.

A draft report was delivered to the Sheriff's Department on 6/17/2009 and the results were discussed on 6/18/2009.

### **Prior Audit's Findings and Recommendations with Current Status**

The details of the prior audit's finding and recommendations and their implementation status are below:

**Finding 1:** Monthly Voyager invoices were not validated prior to payment. Monthly bills were being paid without verification of the charges. For example, monthly Voyager billings, averaging over \$138,000 per month, were not validated, by Management or sub-stations, prior to payment of the vendor's invoice.

**Recommendation:**

The Sheriff should ensure a reconciliation of the monthly Voyager invoice to cost center charges is performed prior to payment. Considering the large number of Voyager cards in the Department's possession, the Captain should require all stations/sub-stations validate their Voyager transactions, providing the Automotive Division with a written statement of the validity of the charges.

**Current Status:** Implemented.

**Finding 2:** Management did not provide users with written guidance for the use of the Voyager fuel cards. Noted that none of the 24 locations in our sample had written procedures in place regarding the use of assigned Voyager fuel cards. Management, both at Administration and user locations, stated that written guidance was not provided to staff when cards were issued.

**Recommendation:**

The Sheriff should prepare written procedures regarding the use of Voyager fuel cards. The procedures should address Administration's oversight responsibilities as well as station and individual card user responsibilities. The procedures should be distributed to all users and monitored to ensure compliance.

**Current Status:** Implemented.

**Finding 3:** Management did not have a system to track the receipt of assigned fuel cards and periodic inventories were not conducted. During our test work, we noted:

- Nineteen (83%) of the 24 stations sampled did not have a record of the Voyager fuel cards received from the Automotive Division;
- None of the details provided by the remaining five stations maintaining a separate record matched the listing provided by the Automotive Division; and
- The master list maintained by the Department did not match the record maintained by the vendor, Voyager Systems, Inc. For example, the Department's list of active Voyager fuel cards included two cards which had been cancelled since 2003 and there was an overall variance of 17 cards observed.

**Recommendation:**

The Sheriff should:

1. Develop, distribute, implement, and monitor procedures designed to accurately record all cards received from the vendor and subsequently issued to stations/cost centers;
2. Verify, with the vendor, all active Voyager cards received by the Sheriff's Department, and immediately cancel all cards which cannot be accounted for; and
3. Periodically, at least semi-annually, inventory all cards in the Department's possession.

**Current Status:** Implemented.

**Finding 4:** The Management logs used to record the distribution of the Voyager fuel cards were not properly maintained. Our review of sample entries made in the *Voyager Card Pick Up Sheet* during the audit period showed 3 of 30 entries were incomplete. Further, the *Voyager Loaner Cards log* was not always completed in a timely manner and historical data useful for reviewing the validity of transactions was not consistently maintained.

**Recommendation:**

The Sheriff should ensure:

1. Entries in the *Voyager Card Pick Up Sheet* are complete;
2. All cards recorded on both the *Voyager Card Pick Up Sheet* and the *Voyager Loaner Cards log* are properly accounted for;
3. Updates for both logs are done timely, and have adequate supporting documentation; and
4. Management Logs are reviewed, at least monthly, to ensure these monitoring tools are operating as intended.

**Current Status:** Implemented.

**Finding 5:** The process ensuring that each cost center is appropriately charged needs to be improved. We noted the following weaknesses in the process:

- A reconciliation of vendor payment to cost center charges transferred was not performed;
- A verification of charges remaining in the Automotive Division cost center was not consistently performed;
- Exemptions received for loaner transactions were not passed on to the cost centers charged;
- Nineteen (82%) of the 24 cost centers sampled did not review the transfer reports to verify the validity of charges; and

- Nineteen (82%) of the 24 stations sampled did not require supporting documentation, such as receipts, be submitted for purchases.

**Recommendation:**

The Sheriff should develop and implement procedures requiring:

1. A reconciliation of vendor payments to charges transferred be performed on a monthly basis by Automotive Division personnel;
2. Charges remaining in the Automotive Division cost center be consistently verified;
3. The vendor's electronic invoice is used to transfer net charges on loaner cards; and
4. Individual monthly transfer reports be consistently reviewed by all cost centers and the validity of charges verified.

**Current Status:** Implemented.

**Finding 6:** There was no process to ensure each fuel card was used only for its assigned unit. Our review of transactions during the audit period showed the same card had been used to purchase fuel, several times on the same day, sometimes within minutes.

**Recommendation:**

The Sheriff should direct Department personnel to only use the Voyager card for the assigned unit. If the card is used for another cost center unit during an emergency, such use should be reported by the driver, verified by a supervisor, and the expenditure charged to the appropriate cost center.

**Current Status:** Implemented.

**Finding 7:** Management did not review Voyager expenditures for reasonableness and validity. During our test of transactions for two months, we noted the following unexplained discrepancies:

1. Fifteen percent of gasoline purchases were for Plus and Super grade fuel although Department personnel informed us that employees have been told to purchase regular unleaded fuel only;
2. There were 5 instances when aviation fuel was recorded for a Ford Excursion and Bronco, although the vendor does not sell aviation fuel;
3. Fourteen vehicles appeared to use both gasoline and diesel fuel;
4. The Department does not perform a reasonableness check of gallons purchased compared to reported mileage;

5. Fuel purchased for a vehicle was sometimes greater than the recorded fuel capacity of that specific vehicle; and
6. The Department does not maintain a record of its vehicles' fuel capacity and the data maintained by Fleet Management is inaccurate since Fleet must adjust recorded fuel capacity data to enable Sheriff's Department purchases at County sites to be accepted and charged.

**Recommendation:**

The Sheriff should:

1. Prepare card use procedures that include recommended limitations on card usage, such as only using a set grade of fuel;
2. Distribute card use procedures to all card users; and
3. Monitor reported activity to ensure cards are used responsibly and only for approved County expenditures.

**Current Status:** Implemented.

Thank you very much for the cooperation extended by your staff during the course of this audit.

Respectfully submitted,

**Larry Walker**

Auditor/Controller-Recorder

By: \_\_\_\_\_

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